

# Connectivity in a Global Economy

Moderator: Dr. Mahmassani, Director, *Northwestern University Transportation Center*

Panelist: Francisco Conde, *North American's SuperCorridor Coalition*  
Richard Longworth, *Author, "Caught in the Middle"*  
Mike Mullen, *CEO, Centerpoint Properties*  
Michael W. Payette, *Chairman, Illinois Railroad Association/Assistant Vice President, Government Affairs, Union Pacific Railroad*

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# Francisco Conde

*North American's SuperCorridor  
Coalition*

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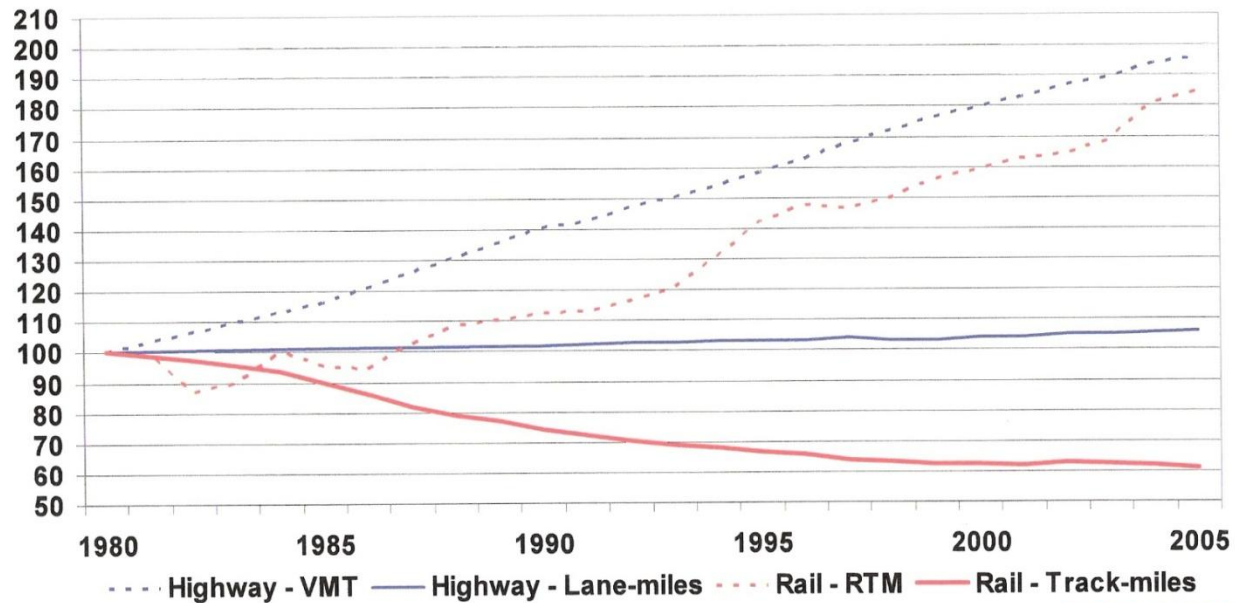
North America's premier transportation corridor coalition promoting a sustainable, secure and efficient trade & transportation system



## *Past 25 years infrastructure has proven to be a facilitator for economic growth*

Why do we assume capacity will ultimately not be in place?

US Highway and Rail Networks System Miles and Volumes



Source: National Rail Freight Infrastructure Capacity and Investment Study September 2007 and AAR

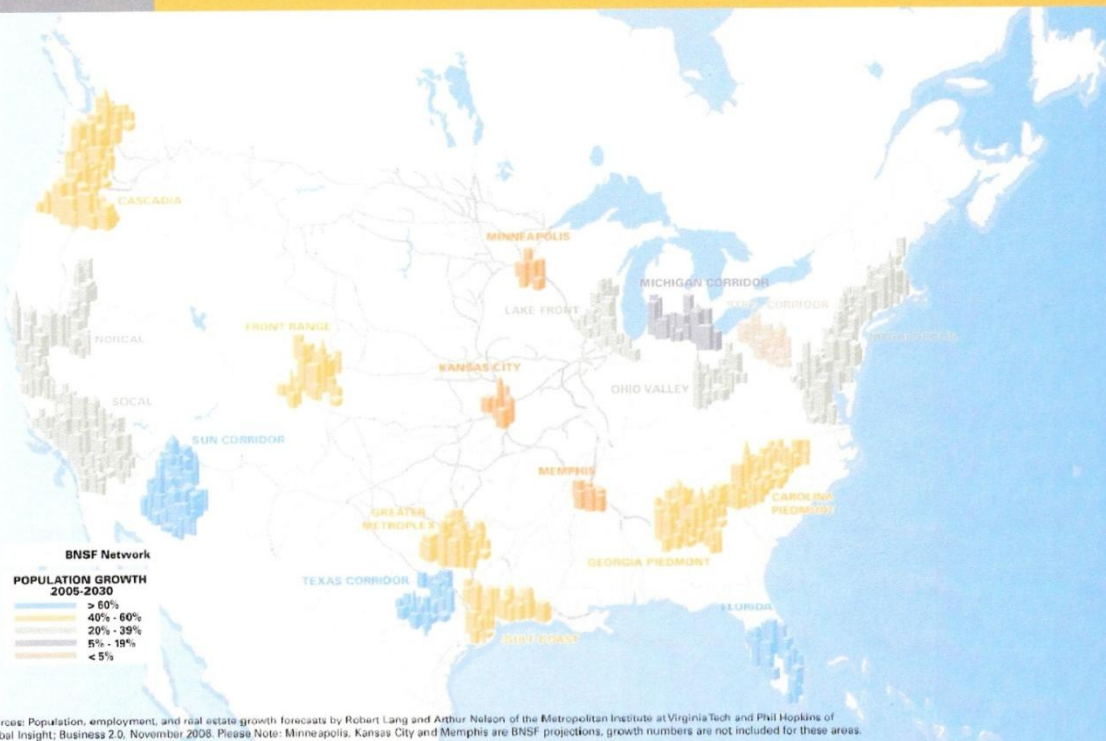


***. . . As infrastructure over the past 25 years has become more constrained***

	<b>Route Miles</b>	<b>Growth</b>
<b>Rail</b>	<b>(39%)</b>	<b>65% GTM</b>
<b>Highway</b>	<b>+7%</b>	<b>96% VMTs</b>
<b>Ports</b>	<b>N/A</b>	<b>400% TEUs</b>



# Megapolitans will drive demand



Sources: Population, employment, and real estate growth forecasts by Robert Lang and Arthur Nelson of the Metropolitan Institute at Virginia Tech and Phil Hoggins of Global Insight; Business 2.0, November 2006. Please Note: Minneapolis, Kansas City and Memphis are BNSF projections, growth numbers are not included for these areas.

**BNSF**  
RAILWAY

# *Transportation at the crossroads...*

## 2020 Growth Projections

Population	338 million, 0.87% CAGR
Vehicle miles traveled	4.09 trillion, 8.13% CAGR
Rail gross ton miles	1.82 trillion, 1.94% CAGR
Truck ton miles	4.17 trillion, 1.96% CAGR
Port volume	58 million TEUs, 5.4% CAGR



Source: Global Insights, AASHTO, FHWA

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# Richard Longworth

*Author, "Caught in the Middle"*

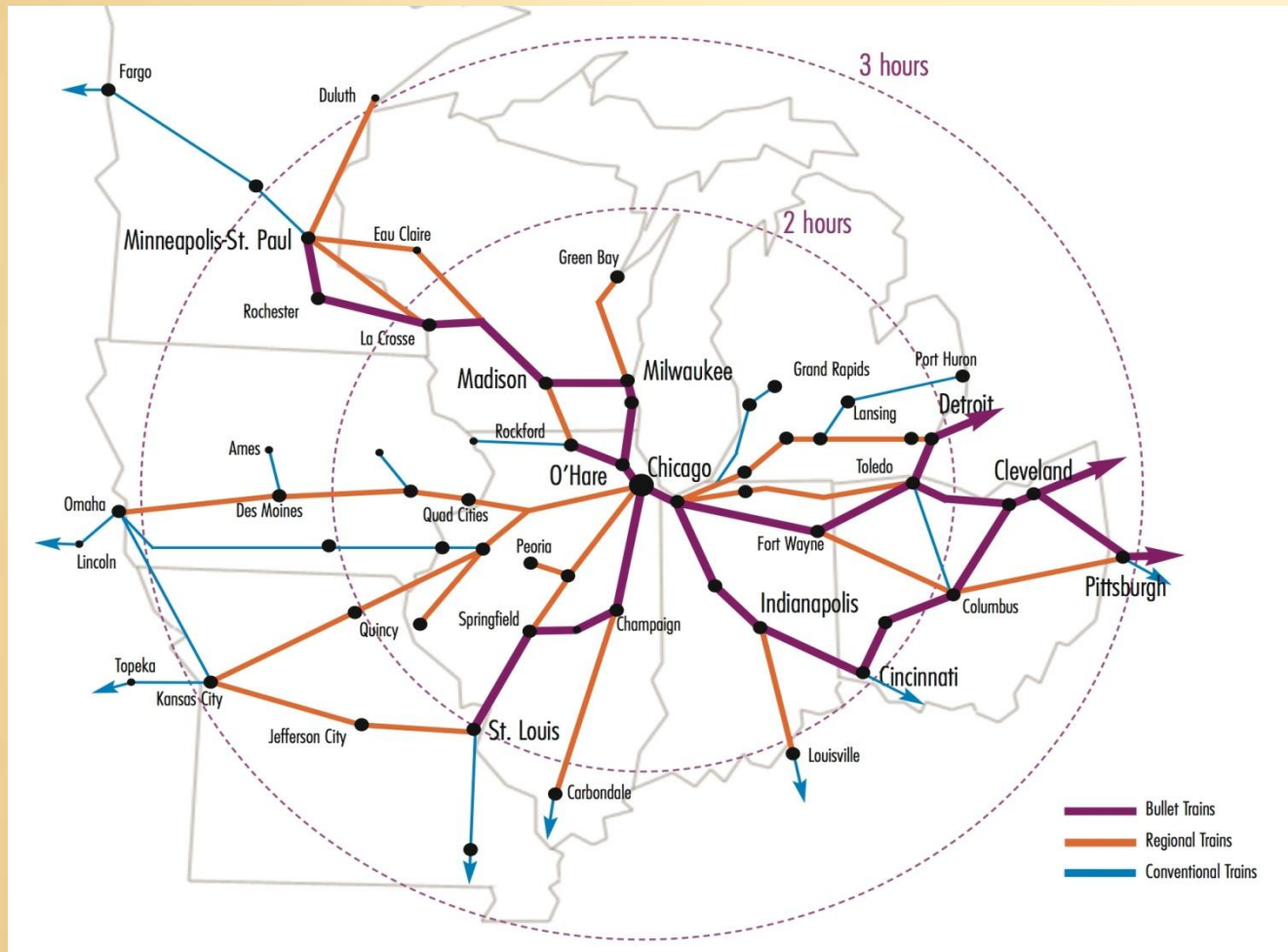
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# Sample Travel Times to Chicago

<u>Within 1 Hour</u>		<u>Within 2 Hours</u>		<u>Within 3 Hours</u>	
Milwaukee	0:36	Cincinnati	2:00	Cleveland	2:20
Madison	1:00	Detroit	2:00	Minn./St. Paul	2:40
		Indianapolis	1:15	Pittsburgh	3:00
		St. Louis	1:52		

# 25 Million People Within 3 Hours



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# Mike Mullen

*CEO, Centerpoint Properties*

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# CenterPoint Properties

- ▶ Fully integrated: large scale development, redevelopment, investment and property management operations
- ▶ Founded in 1984, NYSE listed from 1993 to 2006
- ▶ Market leader, 22% compound annual return to shareholders (dividends reinvested)
- ▶ Management led \$3.5 billion privatization in 2006, funded by CalPERS
- ▶ Premier intermodal logistics center developer
- ▶ Market leading, value-add industrial property investor
- ▶ Multiple offices: Chicago, IL; Hampton Roads, VA; Los Angeles, CA; Hong Kong, China; Kansas City, MO



# Chicago – Nation's Logistics Hub



- ▶ 12.25% of nation's industrial space
- ▶ Top 5 container hub in the world
- ▶ 60% of nation's rail freight moves through Chicago
- ▶ Only place in North America all six Class I railroad's converge
- ▶ 1,200 trains, 37,500 freight cars daily
- ▶ Vital U.S. transportation, agricultural and manufacturing hub



# Strategic Focus:

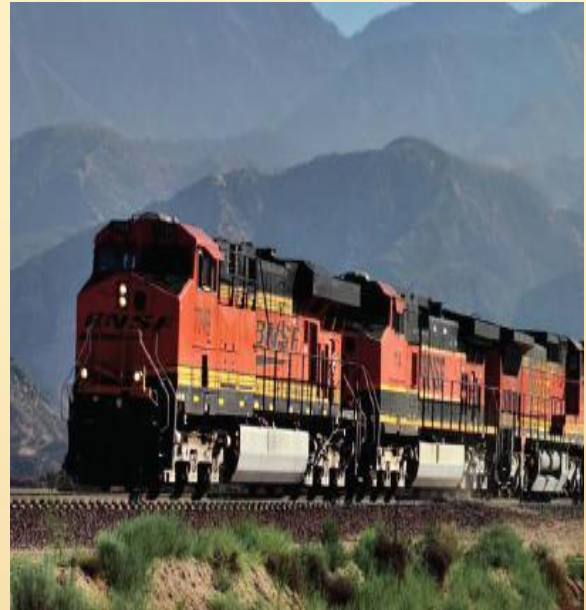
## Major Markets On Major Trade Lanes

- ▶ Rapidly growing containerized freight transit
  - Benefit from long-haul rail efficiency
  - Efficient transfer of containers from port-rail-truck
- ▶ Significant population density
- ▶ Large, growing regional GDP
- ▶ Access to competitive rail
- ▶ Access to interstate highway system
- ▶ Import / export balance
- ▶ Rail connectivity to Chicago



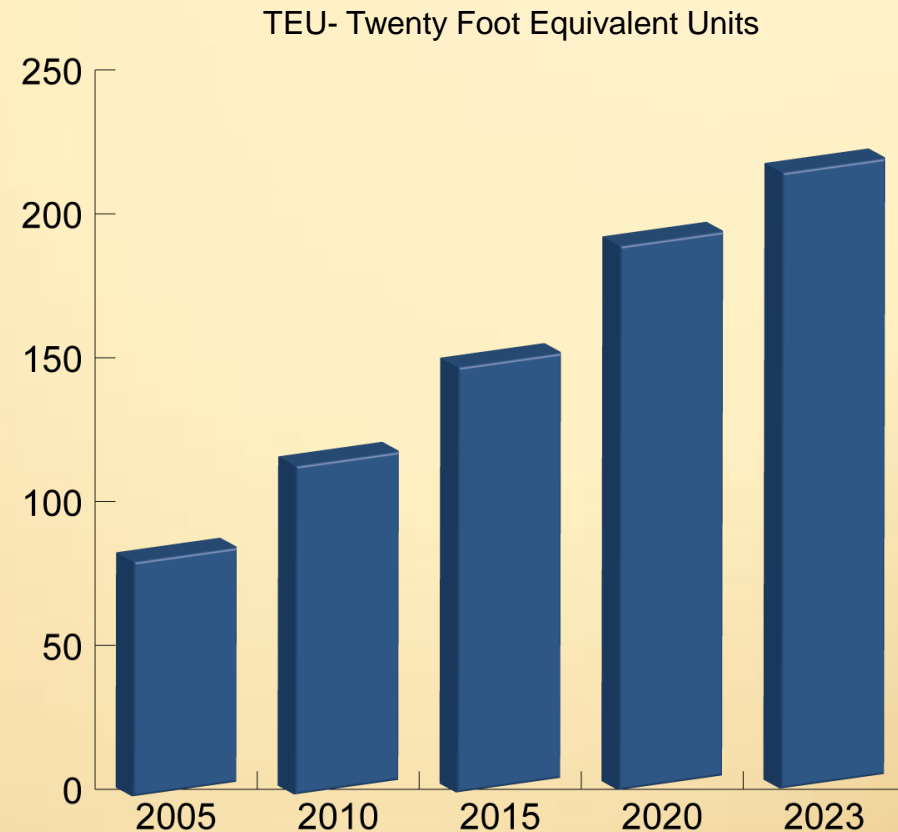
# Benefits of Long-Haul Rail Versus Truck

- ▶ Economies of scale – lower delivered cost
  - One gallon of diesel fuel moves one ton of freight
    - 415 miles via rail
    - 155 miles via truck
- ▶ Eases highway congestion
  - A single intermodal train can take 300 long haul trucks off the highway
- ▶ Rail is the “Green” alternative
  - Trucks emit 4X more Greenhouse gases than rail for same load of freight
- ▶ Trucking industry facing increased costs / regulation
  - Hours of service change
  - High driver turnover (100%)
  - Rising insurance costs
  - Highway congestion
  - Quality of life for drivers



# Investment – Strategic Plan

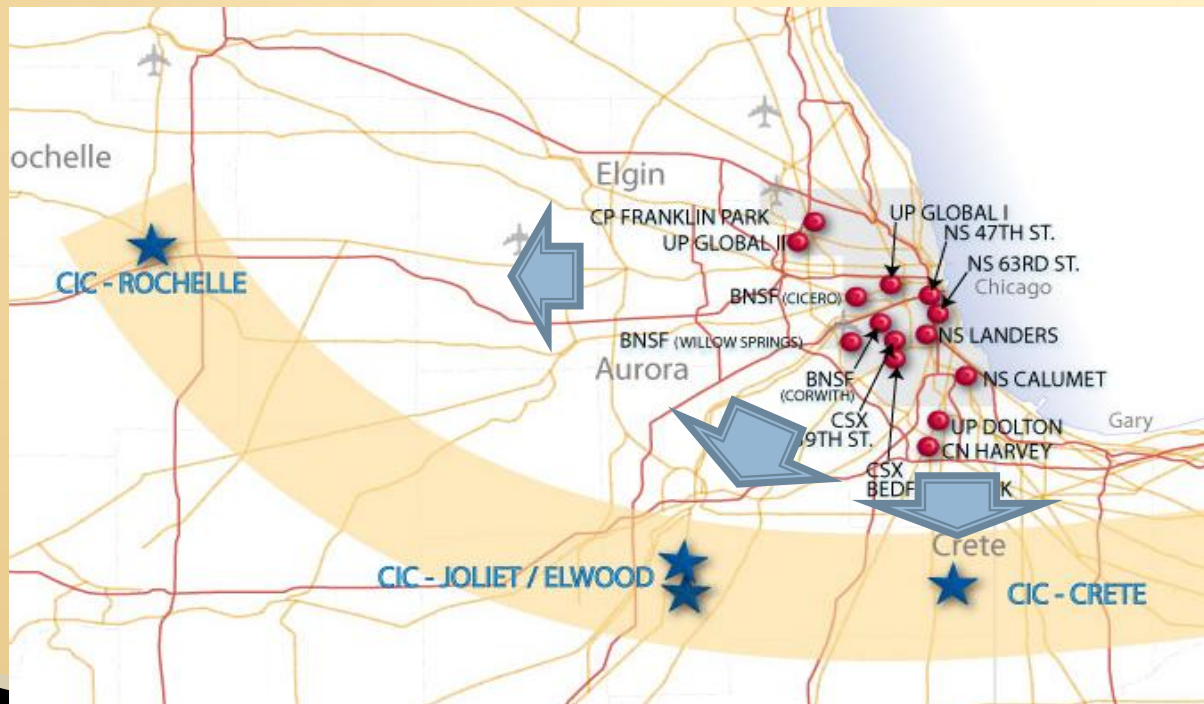
- ▶ Long-haul container freight will move on fewer, higher bandwidth rail lanes serving major population centers
- ▶ Short-haul container freight will move via truck from regional intermodal centers
- ▶ Cities with significant port and intermodal infrastructure will support significant and active industrial real estate markets



Source: Global Insight, 2009

# Chicagoland's Intermodal Growth Corridor

- » Attracting freight from nation's ports
  - Chicago the historic “hub” of nation's rail system
  - Increased congestions rendering in-city yards obsolete
  - CenterPoint leading the development of modern infrastructure
  - Traffic migrating to suburban integrated logistics centers
  - New infrastructure doubling regional capacity





# BNSF Integrated Logistics Park



- » 2,500-acre integrated logistics center
- » 1,400-acre industrial park
- » 750-acre BNSF intermodal facility
- » 100-acre equipment management area
- » \$1 billion+ CenterPoint investment
- » Excellent national connectivity
- » International service – direct connectivity to Port of LA/LB
- » 12+ million SF industrial facilities



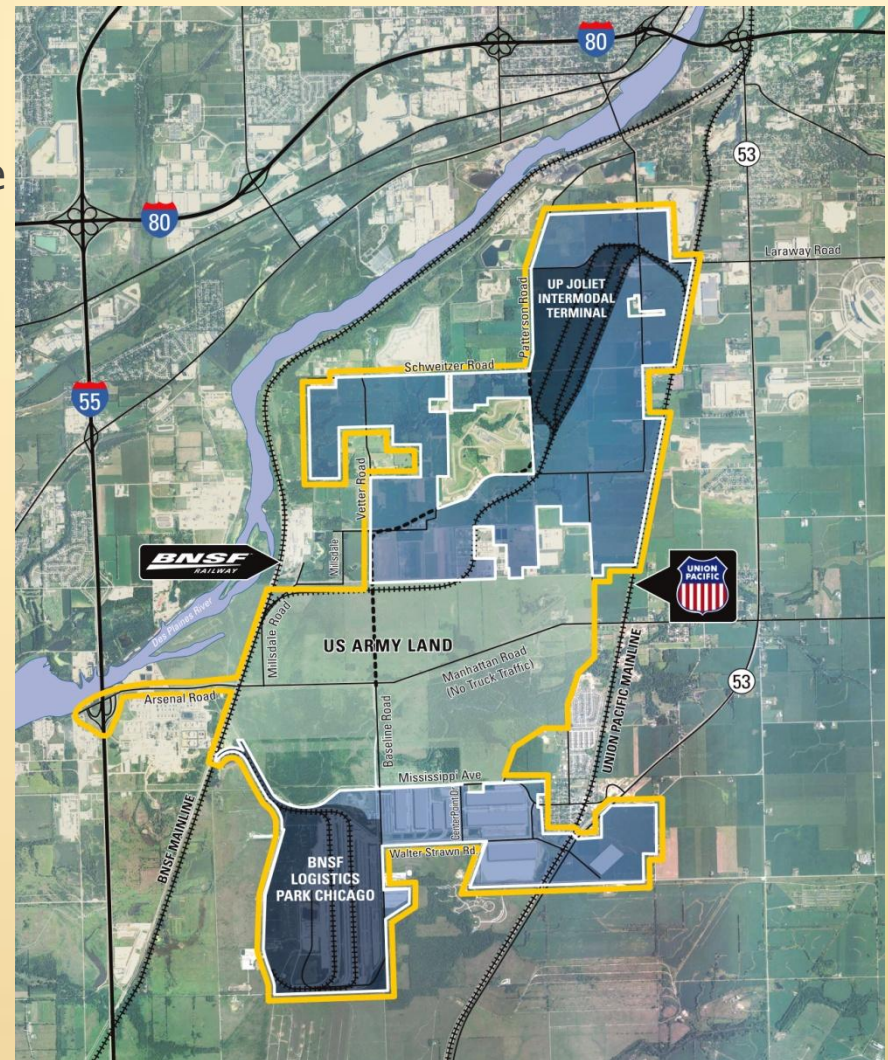
# UP Integrated Logistics Park



- » \$2 billion+ CenterPoint investment
- » 3,600-acre integrated logistics center
- » 2,200-acre industrial park
- » 750-acre UP Joliet Intermodal Facility
- » 450-acre equipment management area
- » Excellent national connectivity
- » East and West Coast Connectivity – SeaTac / LA
- » International and domestic service
- » 18 million SF industrial facilities
- » Potential second intermodal site

# “Port of Illinois”

- » \$3 billion CenterPoint investment
- » Public-private partnership
- » 2–4 intermodal terminals on a single campus
- » 3–6 million TEUs annual capacity
- » 6,000+ acres, 35 square miles
- » 30 million SF of industrial facilities
- » 600+ acres for container/trailer management
- » International and domestic intermodal / carload service
- » BNSF/UP/CN/NS/CSX access
- » Foreign Trade Zone
- » Barge terminal / transloading / agriculture export hub

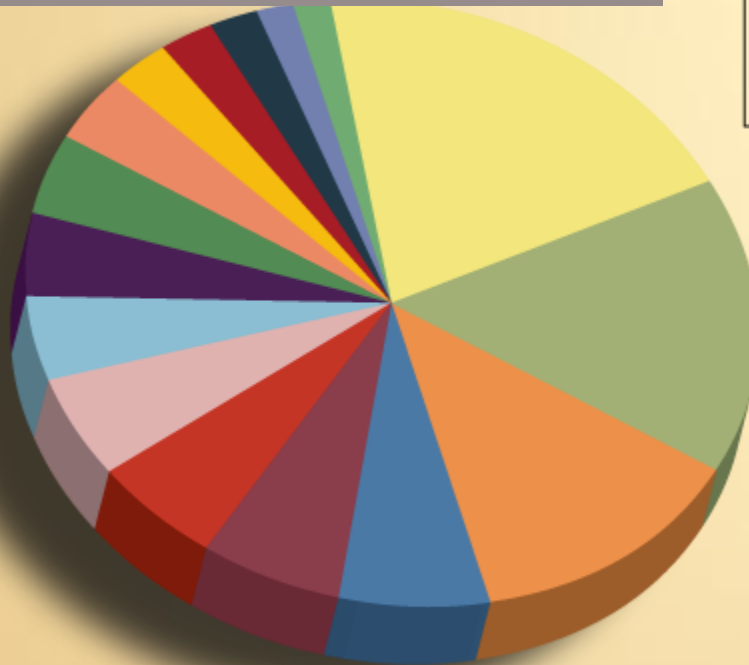




# Top 15 North American Container Port Rankings

## 2008 TOTAL TEU

**\*Port of Illinois 3.0 – 6.0 million (Base Case)**



Los Angeles	7,849,985
Long Beach	6,350,125
New York/New Jersey	5,265,058
Savannah	2,616,126
Vancouver	2,492,107
Oakland	2,236,244
Hampton Roads (VA)	2,083,278
Tacoma	1,861,352
Houston	1,794,309
Seattle	1,704,482
Charleston	1,635,534
<b>BNSF Logistics Park (current) 1,500,00</b>	
Honolulu	1,124,388
Port Everglades	985,095
Miami	828,349
Jacksonville	697,494
Baltimore	612,877

# Michael Payette

*Chairman, Illinois Railroad  
Association/ Assistant Vice President,  
Government Affairs, Union Pacific  
Railroad*

Chicago Region Environmental and  
Transportation Efficiency Program

**CREATE**

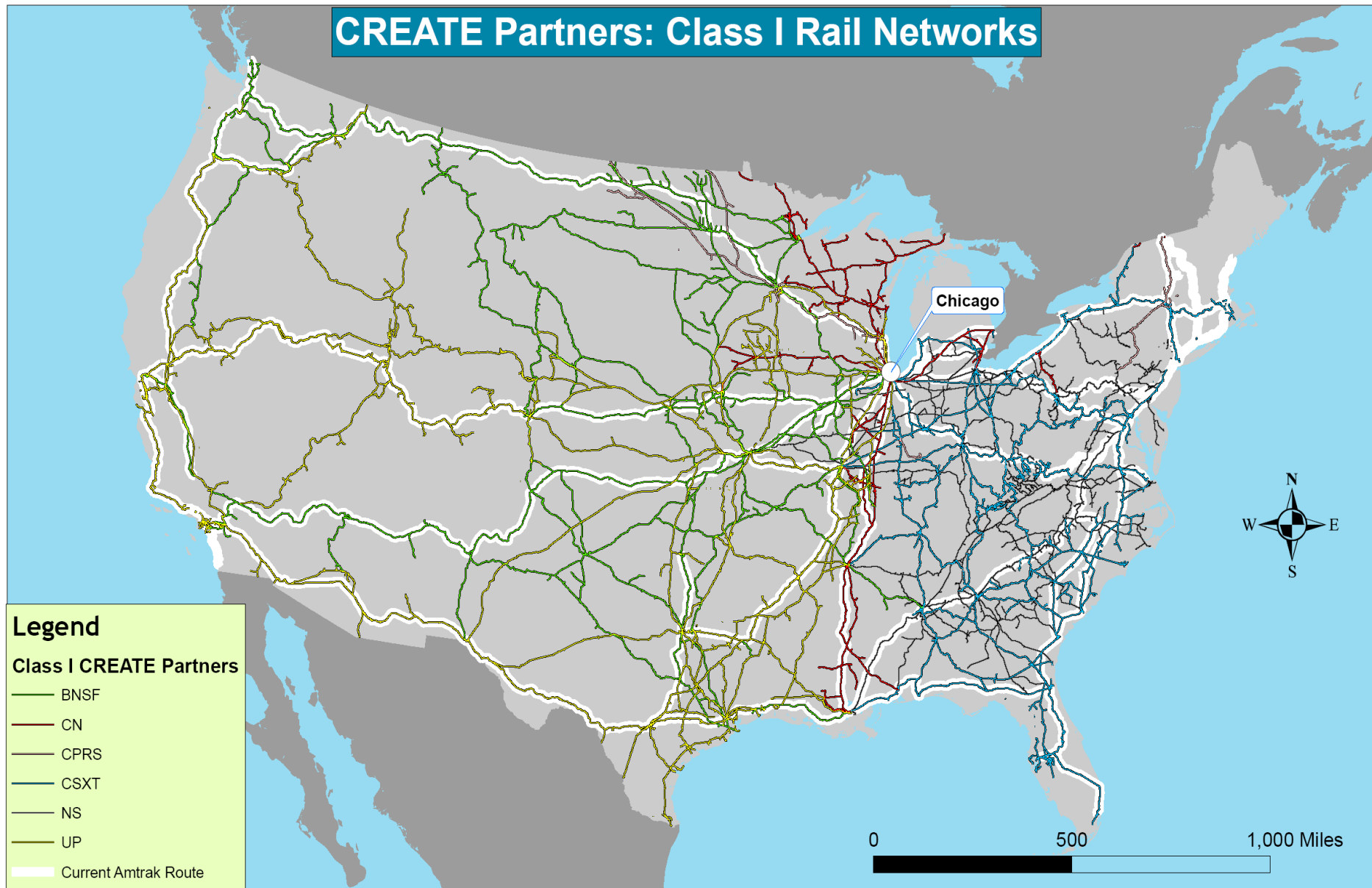
A Project of National and Regional Significance  
Public-Private Partnership

Beyond Transportation: The Economic Impact of  
Rail in IL

January 15, 2010

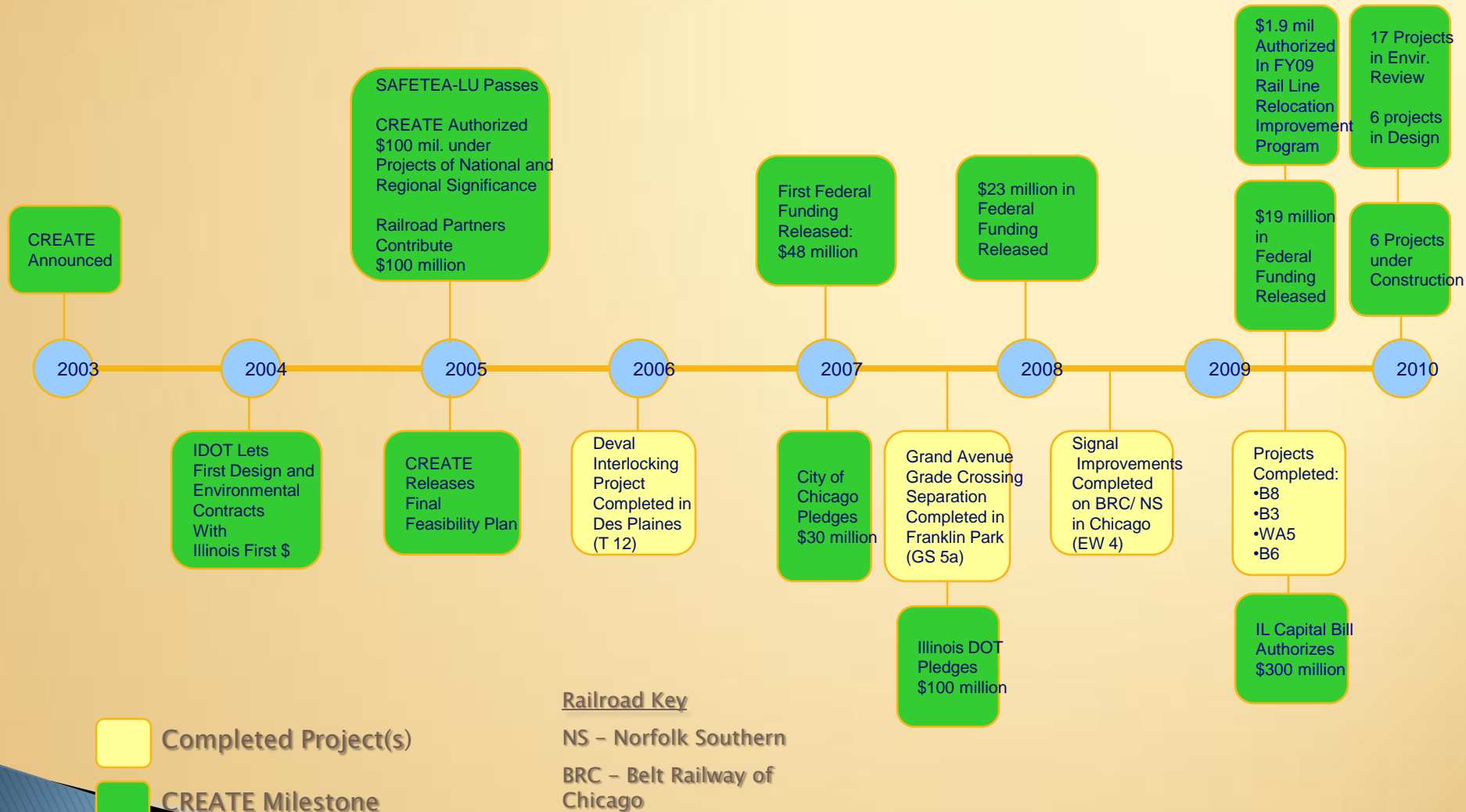


# CREATE Partners: Class I Rail Networks



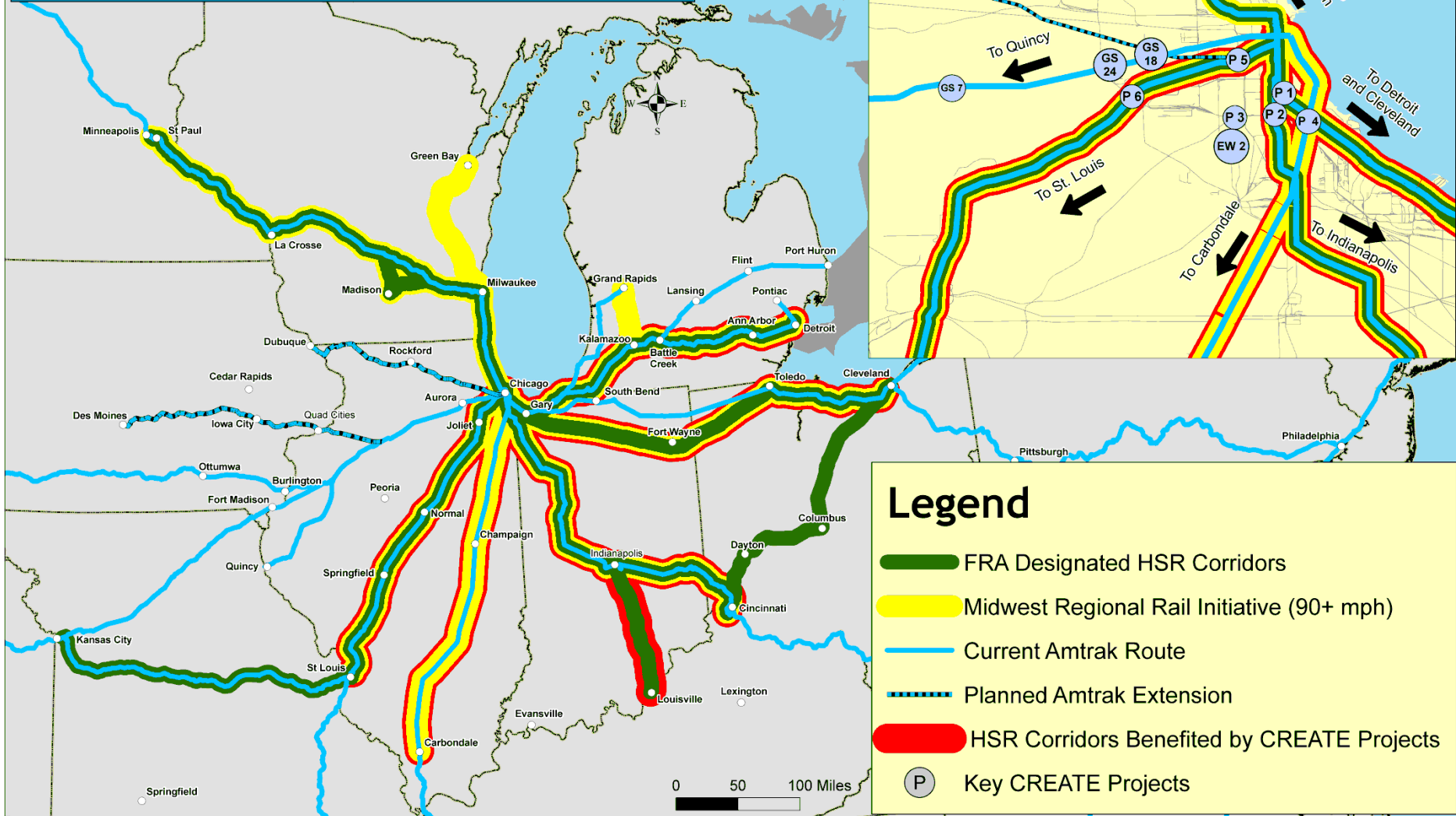


# CREATE Timeline





# CREATE Projects Critical To Chicago Hub High-Speed and Intercity Rail Network





*[www.beyond transportation.illinois.gov](http://www.beyond transportation.illinois.gov)*

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